

GOVERNMENT SAVINGS CERTIFICATES ACT, 1959

[Act, No. 46 of 1959]

[18th September, 1959]

PREAMBLE

An Act to make certain provisions in respect of Government Savings Certificates.

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows: -

Section 1 - Short title, commencement and application

Short title, commencement and application

(1) This Act may be called The Government Savings Certificates Act, 1959.

(2) It shall come into force on such date as the Central Government may, by notification in

the Official Gazette, appoint¹

(3) It applies to such class of savings certificates² as the Central Government, may, by

notification in the Official Gazette, specify in this behalf.

1. The appointed date is 01.08.1960.

2. The Act has been applied to 12 years' Defence Savings Certificates by G.Section R. 1457,

Gazette of India. 1962, Pt. II, Section 3(i) Extra, page 553; to National Savings Certificates

(First Issue) - See Gazette of India, 1965, Pt. II, Section 3(i), Extra., p. 129.

Section 2 - Definitions

In this Act, unless the context otherwise requires, -

¹[(a) "holder", in relation to a savings certificate, means--

(i) a person who holds the savings certificate issued in accordance with the provisions

of this Act and of any rules made thereunder at any time before the date on which the

Finance Bill, 2005 receives the assent of the President; and

(ii) an individual who holds the savings certificate issued in accordance with the

provisions of this Act and of any rules made thereunder at any time on or after the

date on which the Finance Bill, 2005 receives the assent of the President;

(aa) "minor" means a person who is not deemed to have attained his majority under the

Majority Act, 1875 (9 of 1875);]

(b) "prescribed" means prescribed by rules made under this Act;

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(c) "savings certificate" means a savings certificate to which this Act applies;

(d) "transfer" means a transfer inter vivos, and does not include a transfer by operation

of law.

1. Substituted by the Finance Act, 2005, w.e.f. 13.05.2005. Prior to its substitution, it read

as under:

"(a) "minor" means a person who is not deemed to have attained his majority under the

Indian Majority Act, 1875;"

Section 3 - Restrictions on transfer of savings certificates

Notwithstanding anything contained in any law for the time being in force, no transfer, of a

savings certificate, whether made before or after the commencement of this Act, shall be

valid unless it has been made with the previous consent in writing of prescribed authority.

Section 4 - Holdings by or on behalf of minors

Notwithstanding any provision in any law for the time being in force,

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(a) a minor may apply for and hold savings certificates and any other person may apply

for and, hold savings certificates on behalf of a minor;

(b) where any savings certificate is held by or on behalf of a minor, the minor shall,

whether the savings certificate was applied for and issued before or after the

commencement of this Act, be bound by the provisions of this Act and of any rules made

there under applicable to such savings certificates and by the terms of any declaration

made by the applicant for the savings certificate in pursuance of the said rules.

Section 5 - Payment where certificate is held by or on behalf of a minor

Payment of the sum for the time being due on a savings certificate held by or on behalf of a

minor may be made -

(a) to him personally, if he himself applied, for the savings certificate, or

(b) for the use of the minor, if the application for the savings certificate was made by any

person other than the minor,

(i) to any such person, being a parent of the minor or guardian of his property, as

may be specified in that behalf in the form of application;

(ii) if no such person has been specified, to any guardian of the property of the minor

appointed by a competent court, or where no such guardian has been so appointed, to

either parent of the minor, or where neither parent is alive, to any other guardian of

the minor.

Section 6 - Nomination by holders of savings certificates

(1) Notwithstanding anything Contained in any law for the time being in force, or in any

disposition, testamentary or otherwise in respect of any savings certificate, where a

nomination made in the prescribed manner purports to confer on any person the right to

receive payment of the sum for the time being due on the savings certificate on the death of

the holder thereof and before the maturity of the certificate, or before the certificate having

reached maturity has been discharged, the nominee shall, on the death of the holder of the

savings certificate, become entitled to the savings certificate and to be paid the sum due thereon to the exclusion of all other persons, unless the nomination is varied or cancelled in

the prescribed manner.

(2) Any nomination referred to in sub-section (1) shall become void if the nominee

predeceases, or where there are two or more nominees all the nominees predecease, the

holder of the savings certificate making the nomination.

(3) Where the nominee is a minor, it shall be lawful for the holder of the savings certificate

making the nomination to appoint in the prescribed manner any person to receive the sum

due thereon in the event of his death during the minority of the nominee.

(4) A transfer of a savings certificate made in the prescribed manner shall automatically

cancel a nomination previously made:

Provided that where a savings certificate is held by or on behalf of any person as a pledge

or by way of security for any purpose, such holding shall not have the effect of cancelling

a nomination but the right of the nominee shall be subject to the right of the person so

holding it.

Section 7 - Payment on death of holder

(1) If the holder of a savings certificate dies and there is in force at the time of his death a

nomination in favour of any person, payment of the sum due thereon shall be made to the

nominee.

(2) Where the nominee is a minor, payment of the sum due thereon shall be made-

(a) in any case where a person has been appointed to receive it under sub-section (3) of

section 6, to that person, and

(b) where there is no such person, to any guardian of the property of the minor

appointed by a competent court, or where on such guardian has been so appointed, to

either parent of the minor, or where neither parent is alive, to any other guardian of the

minor.

(3) Where the sum due on a savings certificate is payable to two or more nominees, and

either or any of them dies, the sum shall be paid to the surviving nominee or nominees.

(4) If a person dies and is at the time of his death the holder of a savings certificate and

there is no nomination in force at the time of his death and probate of his will or letters of

administration of his estate or a succession certificate granted under the Indian Succession

Act, 1925, is not within three months of the death of the holder produced to the prescribed

authority, then, if the sum due on the savings certificate does not exceed¹ [such limit as may

be prescribed], the prescribed authority may pay the same to any person appearing to it to

be entitled to receive the sum or to administer the estate of the deceased.

(5) Nothing contained in this section shall be deemed to require any person to receive

payment of the sum due on a savings certificate before it has reached maturity or otherwise

than in accordance with the terms of the savings certificate.

1. Substituted for the words "five thousand rupees" by the Government Savings Laws

(Amendment) Act (Act 56 of 1985) w.e.f 04.09.1985.

Section 8 - Payment to be a full discharge

(1) Any payment made in accordance with the foregoing provisions of this Act to a minor or

to his parent or guardian or to a nominee or to any other person shall be a full discharge

from all further liability in respect of the sum so paid.

(2) Nothing in sub-section (1) shall be deemed to preclude any executor or administrator or

other representative of a deceased holder of a savings certificate from recovering from the

person receiving the same under section 7 the amount remaining in his hands after

deducting the amount of all debts or other demands lawfully paid or discharged by him in due

course of administration.

(3) Any creditor or claimant against the estate of a holder of a savings certificate may

recover his debt or claim out of the sum paid under this Act to any person and remaining in

his hands unadministered in the same manner and to the same extent as if the latter had

obtained letters of administration to the estate of the deceased.

Section 9 - Security for due administration

The prescribed authority may take such security as it thinks necessary from any person to

whom any money is paid under sub-section (4) of section 7 for the due administration of the

money so paid and may assign the said security to any person interested in such

administration.

Section 10 - Power to administer oath

(1) For the purpose of ascertaining the right of a person claiming to be entitled to payment

under sub-section (4) of section 7, the prescribed authority may take evidence on oath or

affirmation according to the law for the time being in force relating to oaths and affirmations.

(2) Any person who upon such oath or affirmation makes any statement which is false and

which he either knows or believes to be false or does not believe to be true shall be deemed

guilty of an offence under section 193 of the Indian Penal Code.

Section 11 - Protection of action taken in good faith

No suit or other legal proceeding shall lie against any officer of the Government or any

prescribed authority in respect of anything which is in good faith done or intended to be done

under this Act.

Section 12 - Power to make rules

(1) The Central Government may, by notification in the Official Gazette, make rules to carry

out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules

may provide for-

- (a) the form of application for savings certificates and the issue and discharge of such certificates;
- (b) the maximum limits of holdings;
- (c) the conditions as to payment of interest or discount relating to any class of savings certificates and the recovery of any interest paid on any amount held in excess of the maximum limits in the same manner as an arrear of land revenue or in any other manner;
- (d) the transfer and conversion of savings certificates and the fees to be levied in respect thereof;
- (e) the replacement of savings certificates mutilated, lost or destroyed and the fees payable in respect thereof;
- (f) the form of nominations, the manner in which and the conditions subject to which nominations may be made and the registration of nominations;
- (g) the manner in which any person may be appointed for the purposes of sub-section (3) of section 6;
- (h) the variation or cancellation of nominations and the registration of such variations or cancellations;
- (i) the fees that may be levied for registration, variation or cancellation of nominations;
- 1[(ia) the limit under sub-section (4) of section 7;]
- (j) any other matter which has to be, or may be, prescribed.
- (3) Every rule made under this section shall be laid as soon as may be after it is made before each House of Parliament while it is in session for a total period of thirty days which maybe comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall

thereafter have effect only in such modified form or be of no effect, as the case may be, so

however that any such modification or annulment shall be without prejudice to the validity of

anything previously done under that rule.

1. Inserted by the Government Savings Laws (Amendment) Act (Act 56 of 1985) w.e.f

04.09.1985.

Section 13 - Repeal and savings

(1) The Post Office National Savings Certificates Ordinance, 1944, is hereby repealed.

(2) Notwithstanding the repeal of the said Ordinance, any rules made or deemed to have

been made or anything done or any action taken in exercise of any of the powers conferred

by or under the said Ordinance shall be deemed to have been made, done or taken in

exercise of the powers conferred by or under this Act, as if this Act were in force on the day

on which such rules were made such thing was, done or such action was taken.